

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 01-0030P

Use Tax

Calendar Years 1996, 1997, and 1998

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ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer is a wholesale distributor of drain and storm pipes. At audit, it was determined that the taxpayer did not have a use tax accrual system in place and failed to obtain valid exemption certificates for all of its sales.

1. **Tax Administration** – Penalty

DISCUSSION

Taxpayer's audit report revealed that it failed to remit use tax on clearly taxable purchases and had no use tax accrual system in place. Taxpayer failed to collect sales tax on all of its sales

Taxpayer states that it did not intentionally withhold the sales tax and the Indiana auditors had its full cooperation in completing the audit. Taxpayer further states that due to the length of time in completing the audit, which was out of its control, it requests an abatement of the penalties assessed.

A review of the audit indicates the taxpayer had no use tax accrual system in place although it is registered with the Department. Its reasoning, that the audit took too long, does not affect taxpayer's noncompliance in remitting its use tax and failing to obtain exemption certificates. Taxpayer did not provide reasonable cause to allow a waiver of the penalty.

FINDING

Taxpayer's protest is denied.